

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of:) No. G 05-4
)
The Market Conduct Examination of) FINDINGS, CONCLUSIONS,
) AND ORDER ADOPTING REPORT
Commonwealth Insurance Company)
of America) OF
)
) MARKET CONDUCT EXAMINATION
Authorized Domestic Insurer)

BACKGROUND

An examination of the market conduct of **Commonwealth Insurance Company of America** (the Company) as of December 31, 2003, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Company, domiciled in the state of Washington, holds a Washington certificate of authority as a stock insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings and instructions and recommendations was transmitted to the Company for its comments on January 4, 2005. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

COMMONWEALTH INSURANCE COMPANY OF AMERICA

Report of Market Conduct Examination

February 8, 2005

Mailing Address: P.O. Box 40255 • Olympia, WA 98504-0255
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 26 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Commonwealth Insurance Company of America** and to order the Company to take the actions described in the Instructions and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented the instructions and recommendations prior to the date of this order. The Instructions and Recommendations in the report are appropriate responses to the matters found in the examination.

ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Recommendations contained in the examination report on page 19.

1. The Company is ordered to comply with RCW 48.05.190(1) and ensure that all documents and correspondence identify the Company by its full legal name. (Instruction 1, Page 8)
2. The Company is ordered to comply with RCW 48.18.100(1) and use only those forms that are unique as manuscript forms. If the form is not unique it must be filed as required by RCW 48.18.103. (Instruction 2, Page 10)
3. The Company is ordered to comply with RCW 48.18.103 and ensure that all forms are filed for approval with the OIC within 30 days of use. The Company is further ordered to remove disapproved forms from policies. (Instruction 3, Page 11)
4. The Company is ordered to comply with RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, RCW 48.18.292 and establish notices of non-renewal or renewal that clearly state the Company's intent. (Instruction 4, Page 11)
5. The Company is ordered to comply with WAC 284-30-570 to ensure that all notices of cancellation or non-renewal contain complete and accurate reasons for the Company's action. (Instruction 5, Page 11)

6. The Company is ordered to consider conducting a training session specifically targeted at state regulations and compliance. (Recommendation 1)

IT IS FURTHER ORDERED THAT, the Company file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 8th day of February, 2005.

A handwritten signature in dark ink, appearing to read "Mike Kreidler", is written over a faint, circular official seal.

MIKE KREIDLER
Insurance Commissioner